

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6839

BILL NUMBER: SB 331

DATE PREPARED: Dec 26, 2001

BILL AMENDED:

SUBJECT: Fire Protection Borrowing Levy Appeals.

FISCAL ANALYST: Bob Sigalow

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill permits a township approved for an excessive property tax levy based on borrowing for fire protection to phase in the approved increase over a period not to exceed three years. The bill also revises population parameters to make them consistent with the 2000 decennial Census.

Effective Date: July 1, 2002.

Explanation of State Expenditures: This proposal would have no effect on the amount that the state pays for Property Tax Replacement Credits (PTRC).

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under P.L. 181-2001, a township may ask for an increase in the maximum allowable levy for the Fire Fund if the township borrowed money to pay for fire protection for the three consecutive preceding years. The amount of the increase is limited to the lesser of the previous three years' loan amounts. A township may not ask for a maximum levy increase more frequently than every four years.

This bill would allow the township to phase in the increase over a two- or three-year period. Currently, a township that does not need the entire allowable increase amount in the first year after the request may lose part of the increase since townships may only ask for another increase four years after their last request. Under this proposal, the township would not lose any of the increase if it elects to phase it in.

Background: Only four townships borrowed money for the Fire Fund in all three years - 1997, 1998, and 1999. The total maximum levy increase that could be granted to these townships is limited to \$2.7 M. However, the actual number of townships that will have to borrow operating funds in the future and the

amount that they will borrow is unknown.

State Agencies Affected: Local Government Tax Control Board.

Local Agencies Affected: Townships.

Information Sources: State Tax Board; Local Government Database.